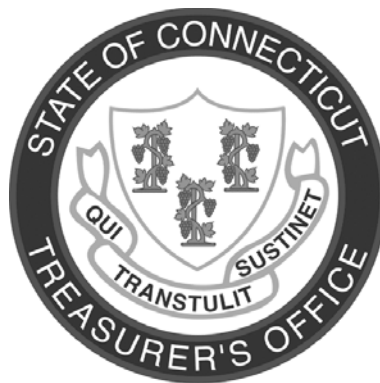


**CONNECTICUT
STATE TREASURER'S
SHORT-TERM
INVESTMENT FUND**



QUARTERLY REPORT

QUARTER ENDING DECEMBER 31, 2002

**DENISE L. NAPPIER
STATE TREASURER**

MESSAGE FROM THE TREASURER

Dear Fellow Investor:

It was great to see many of our investors at the eighth annual meeting of the Treasurer's Short-Term Investment Fund in January. We appreciate the hospitality of Central Connecticut State University and President Richard Judd, our hosts for this year's meeting, and the outstanding presentations from a series of distinguished speakers.

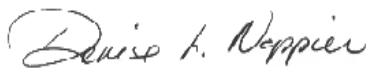
Just days prior to the meeting, we received some good news from Standard & Poor's, the leading rating agency of money market funds and local government investment pools. They reaffirmed STIF's AAAM rating, the highest available. As you know, S&P monitors the fund on a weekly basis to ensure that we meet its high safety and liquidity standards.

I was also pleased to report that, consistent with my commitment to provide the fullest and most accurate disclosure of financial information, we once again received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for STIF's comprehensive annual financial report.

The performance of STIF continues to exceed our benchmark. As you will see in the pages of this report for the quarter ending December 31, 2002, our money market benchmark earned an effective yield of 1.31 percent, compared with 1.78 for STIF. Thus, STIF out-performed our benchmark by 47 basis points, earning \$4.1 million more for its investors than the investment gains in line with the money market benchmark.

Should you require any additional information, do not hesitate to contact us. Thank you for your continuing confidence in STIF!

Sincerely,



Denise L. Nappier
Treasurer, State of Connecticut

February, 2003

* iMoneyNet (formerly IBC) First-Tier Institutions-Only Money Fund Report™ Index for AA-AAA funds (MFR Index),

ECONOMIC UPDATE

After it appeared that the Fed Funds rate and short-term rates in general could not go any lower, the Federal Reserve (Fed) lowered the Fed Funds rate by a surprising 50 basis points (BP) to 1.25 percent at its November 6 meeting, its lowest level in over 40 years. Due to the sluggish nature of the recovery, some economists think that the Fed Funds rates will decline even further, to one percent by the end of the first quarter of 2003. At its first meeting in calendar year 2003, the Fed left both the Fed Funds rate and its stated bias unchanged.

Presently, the main factor that is hindering the recovery of the U.S. economy is uncertainty, especially in international affairs. America appears to be heading in the direction of an armed conflict with Iraq, possibly without the support of the United Nations, and conceivably with the potentially more dangerous country of North Korea. In addition there is the fear of some unpredictable terrorist act. On this note, Ethan Harris, an economist at Lehman Brother's states, " the economy is one ugly event from contracting."

It is possible that the world will experience a real "ugly event," causing the economy to contract, and if the U.S. economy begins to decline, the Fed will ease again. On a fundamental basis, a more likely scenario for the American economy is that it will begin to improve. The Fed is most likely finished easing this economic cycle and will probably begin to tighten before calendar year-end.

It was a precipitous decline in capital investment that brought about a recession, and most economists see a recovery led by an increase in capital spending. Business investment should improve because for the first time in over 50 years the capital stock of equipment and software in America has been wearing out faster than it is being replaced. To stay competitive, U.S. businesses will have to replace this capital stock. Profits, in the meantime, are modestly higher and interest rates are low, increasing the ability of American companies to finance these investments.

In addition, the dollar is weaker. Year over year from December 31, 2001 to December 31, 2002, it is down 18 percent against the Euro, 10 percent against the Yen and 11 percent against the Pound. This should help U.S. companies on three fronts. It will make exports more competitive, imports more expensive, and, with imports costing more, businesses' ability to raise prices domestically should increase. Of course the last two events, while positive for the business sector, are not exactly favorable for consumers.

There is some concern that consumers are played out. Their debt burdens are high. Refinancing, which had put extra cash in their pockets, is about over. In addition, there is uncertainty on international issues and, more important to average workers, there are increasing concerns that they could lose their jobs. This forces consumers to be more cautious in spending. On the other hand, real income, generally considered the main determinant of the level of consumer spending, has increased. Personal income rose by 4.3 percent year-over-year from December 2002. Even better, real after-tax disposable personal income increased by 5.8 percent December 2001 to 2002.

ECONOMIC UPDATE

The economy appears to be weaker than it is because of the lack of job creation. One reason that the U.S. economy has not been creating many jobs, and in manufacturing has actually been losing them, is productivity. On the whole, increases in productivity are beneficial for the economy, since it is the main way a society can increase its standard of living, by allowing workers to receive higher pay or benefits without a compensatory increase in prices. Unfortunately, productivity accomplishes this by needing fewer workers to complete the same task. For example, as reported by Bloomberg, Louisiana-Pacific Corporation has a lumber mill in Roxboro, North Carolina that, by using computers and sensors, produces about 700,000 square feet of plywood-like board with only 18 workers in a 12-hour shift. Its older mill required 40 workers in two 12-hour shifts to match this output. Technological improvements such as this have helped the American economy grow with little inflation in the 1990's but this improved efficiency is a double-edged sword. According to an article on Bloomberg, written by Craig Torres, the improvement in productivity has cost the American economy two million jobs.

Aided by the increased efficiency of U.S. workers, inflation has been moderate. For the quarter, using the Consumer Price Index (CPI) as a proxy for inflation, it increased by .5 percent. For calendar year 2002, CPI rose by 2.4 percent, moderate but higher than its 1.5 percent increase in the preceding calendar year. The more volatile Producer Price Index (PPI) was even better, rising by only 1.2 percent during calendar year 2002. About half of this increase was during the fourth quarter of the year. Using the GDP deflator, which is the broadest measure of inflation for the American economy, inflation in the quarter increased at an annualized rate of 1.8 percent, a modest increase, though its highest level since the quarter ending in September 2001.

On an absolute basis, STIF's yield has never been lower. Unfortunately, it will decline even further before the Fed begins to increase the Fed Funds rate, most likely in the last quarter of the calendar year. On a relative basis, STIF's performance has been good, outperforming its benchmark of AA/AAA institutional funds by 47BP during the quarter and by 43BP annually over the last ten years. As always, we appreciate your confidence and pledge our efforts to provide you with safety, liquidity, and as strong market returns as are safely possible to provide in this low interest rate environment.

Economic Update reflects the views of the management of the Office of the State Treasurer's Short-Term Investment Fund.

SHORT-TERM INVESTMENT FUND
COMPARATIVE MONTHLY ANNUALIZED YIELDS (%) (UNAUDITED)

	<u>STIF</u>		<u>MFR Index (a)</u>	
	Yield (b)	Effective Yield (c)	Yield (b)	Effective Yield (c)
Oct-02	1.93	1.95	1.49	1.50
Nov-02	1.75	1.77	1.26	1.27
Dec-02	1.62	1.63	1.14	1.15
Average	1.77	1.78	1.30	1.31

(a) IMoneyNet, Inc. First Tier Institutions-Only Money Fund ReportTM (MFR) Index.

(b) Annualized simple interest yield less expenses.

(c) Annualized compounded yield less expenses.

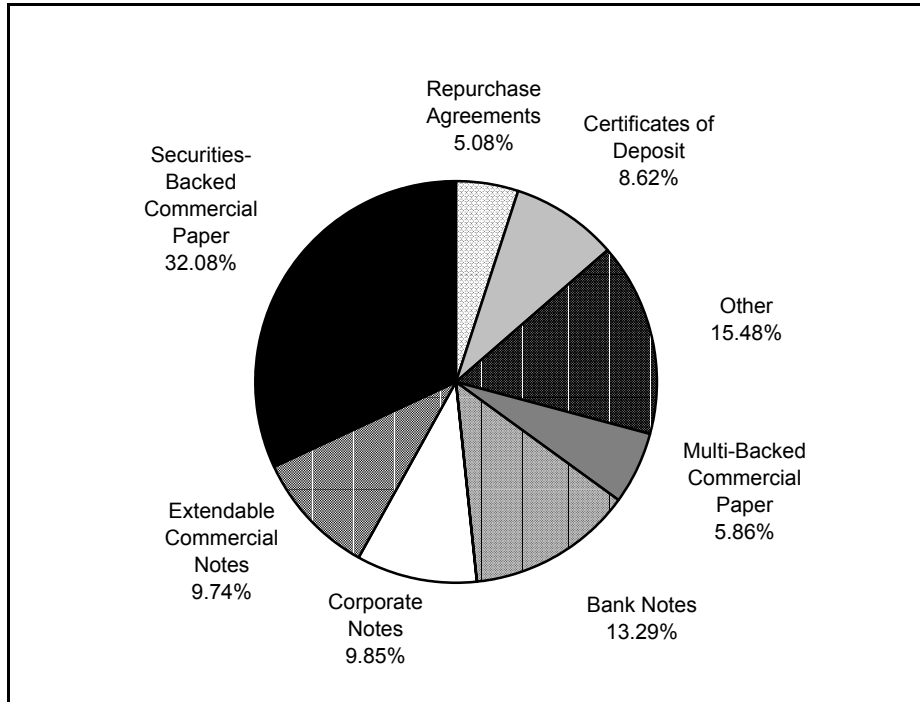
Note: Annualized returns are provided to allow comparisons to SEC-registered money market mutual funds, which report on that basis.

SHORT-TERM INVESTMENT FUND
RATE OF RETURN (%)
PERIOD ENDED DECEMBER 31, 2002 (UNAUDITED)

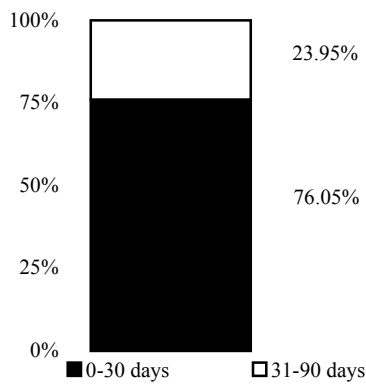
	<u>Three- Month (a)</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>7 Year</u>	<u>10 Year</u>
STIF	.45	1.92	4.25	4.77	5.04	4.95
MFR Index (b)	.32	1.52	3.86	4.39	4.66	4.52

(a) Three-month rate of return is not annualized.

(b) IMoneyNet, Inc. First Tier Institutions-Only Money Fund ReportTM (MFR) Index.



**SHORT-TERM INVESTMENT FUND
DISTRIBUTION BY MATURITY* AT DECEMBER 31, 2002**



Weighted Average Maturity* = 21.24 days
* Includes interest rate reset periods.

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
FULLY-SUPPORTED COMMERCIAL PAPER (2.40%)						
\$ 68,009,000	AQUINAS FUNDING 1.30, 1/2/03	1.30	\$ 68,006,544	\$ 68,006,544	A-1+	03839U005
15,504,000	STEAMBOAT FUNDING 1.50, 1/15/03	1.50	15,494,956	15,494,956	A-1+	85788L003
\$ 83,513,000			\$ 83,501,500	\$ 83,501,500		
MULTI-BACKED COMMERCIAL PAPER (5.86%)						
\$ 45,195,000	BEST FUNDING 1.36, 2/10/03	1.36	\$ 45,126,705	\$ 45,126,705	A-1+	08652MPA7
27,100,000	BEST FUNDING 1.38, 2/10/03	1.38	27,058,447	27,058,447	A-1+	08652MPA7
50,000,000	BEST FUNDING 1.39, 2/18/03	1.39	49,907,333	49,907,333	A-1+	08652MPJ8
34,800,000	BEST FUNDING 1.39, 2/18/03	1.39	34,735,504	34,735,504	A-1+	08652MPJ8
18,034,000	SILVER TOWER 1.80, 1/17/03	1.80	18,019,573	18,019,573	A-1	82831NNH1
9,448,000	TASMAN FUNDING 1.50, 1/9/03	1.50	9,444,851	9,444,851	A-1+	87651UN99
15,000,000	TASMAN FUNDING 1.47, 1/16/03	1.47	14,990,813	14,990,813	A-1+	87651U003
4,818,000	TASMAN FUNDING 1.50, 1/21/03	1.50	4,813,985	4,813,985	A-1+	87651UN99
\$ 204,395,000			\$204,097,210	\$204,097,210		
RECEIVABLES-BACKED COMMERCIAL PAPER (4.76%)						
\$ 40,000,000	ALBIS CAPITAL 1.47, 1/17/03	1.47	\$ 39,973,867	\$ 39,973,867	A-1+	01344T000
125,961,000	REDWOOD RECEIVABLES 1.33, 1/2/03	1.33	125,956,346	125,956,346	A-1+	75806R009
\$ 165,961,000			\$165,930,213	\$165,930,213		
SECURITIES-BACKED COMMERCIAL PAPER (32.08%)						
\$ 29,750,000	AELTUS CBO V 1.82, 1/10/03	1.82	\$ 29,736,464	\$ 29,736,464	A-1+	0076A3NA6
22,500,000	AELTUS CBO V 1.39, 1/23/03	1.39	22,480,887	22,480,887	A-1+	0076A3NP3
26,500,000	AELTUS CBO V 1.38, 1/24/03	1.38	26,476,636	26,476,636	A-1+	0076A3NQ1
15,449,000	AMSTEL FUNDING 1.86, 1/22/03	1.86	15,432,238	15,432,238	A-1+	03218SNN6
50,000,000	AMSTEL FUNDING 1.85, 1/28/03	1.85	49,930,625	49,930,625	A-1+	03218SNU0
50,000,000	AMSTEL FUNDING 1.85, 1/28/03	1.85	49,930,625	49,930,625	A-1+	03218SNU0
25,000,000	AMSTEL FUNDING 1.40, 2/19/03	1.40	24,952,361	24,952,361	A-1+	03218SPK0
50,000,000	AMSTEL FUNDING 1.85, 2/25/03	1.85	49,858,681	49,858,681	A-1+	03218SPR5
50,000,000	AMSTEL FUNDING 1.84, 2/27/03	1.84	49,854,333	49,854,333	A-1+	03218SPT1
41,714,000	DECLARATION FUNDING 1.85, 1/14/03	1.85	41,686,133	41,686,133	A-1	24357MNE6
23,592,000	DECLARATION FUNDING 1.85, 1/16/03	1.85	23,573,814	23,573,814	A-1	24357MNG1
25,129,000	DECLARATION FUNDING 1.55, 1/22/03	1.55	25,106,279	25,106,279	A-1	24357M001
27,500,000	DECLARATION FUNDING 1.45, 3/18/03	1.35	27,415,819	27,421,708	A-1	24357MQJ2
50,000,000	DECLARATION FUNDING 1.48, 3/20/03	1.35	49,839,667	49,854,075	A-1	24357MQL7

Par Value	Security	Yield	Amortized	Market	Quality	Cusip or
19,010,000	WESTWAY FUNDING III 1.84, 1/10/03	1.84	19,001,255	19,001,255	A-1+	9616W3NA6
37,465,000	WESTWAY FUNDING III 1.86, 1/15/03	1.86	37,437,900	37,437,900	A-1+	9616W3NF5
51,660,000	WESTWAY FUNDING III 1.84, 1/16/03	1.84	51,620,394	51,620,394	A-1+	9616W3NG3
2,600,000	WESTWAY FUNDING III 1.80, 1/22/03	1.80	2,597,270	2,597,270	A-1+	9616W3NN8
50,000,000	WESTWAY FUNDING III 1.38, 1/24/03	1.38	49,955,917	49,955,917	A-1+	9616W3NQ1
5,000,000	WESTWAY FUNDING III 1.38, 1/24/03	1.38	4,995,592	4,995,592	A-1+	9616W3NQ
56,296,000	WESTWAY FUNDING III 1.84, 2/13/03	1.84	56,172,274	56,172,274	A-1+	9616W3PD8
22,000,000	WESTWAY FUNDING IV 1.86, 1/16/03	1.86	21,982,950	21,982,950	A-1+	9616R3NG9
33,191,000	WESTWAY FUNDING IV 1.38, 1/22/03	1.38	33,164,281	33,164,281	A-1+	9616R3NN4
11,150,000	WESTWAY FUNDING IV 1.82, 2/13/03	1.82	11,125,197	11,125,197	A-1+	9616R3PE2
16,000,000	WESTWAY FUNDING IV 1.84, 2/20/03	1.84	15,959,111	15,959,111	A-1+	9616R3PL6
50,000,000	WESTWAY FUNDING IV 1.39, 2/24/03	1.39	49,895,750	49,895,750	A-1+	9616R3PQ5
44,495,000	WESTWAY FUNDING IV 1.39, 2/24/03	1.39	44,402,228	44,402,228	A-1+	9616R3PQ5
26,700,000	WESTWAY FUNDING V 1.84, 1/10/03	1.84	26,687,718	26,687,718	A-1+	9616X3NA5
8,500,000	WESTWAY FUNDING V 1.84, 1/10/03	1.84	8,496,090	8,496,090	A-1+	9616W3NA5
25,754,000	WESTWAY FUNDING V 1.84, 1/16/03	1.84	25,734,041	25,734,041	A-1+	9616X3NG2
4,300,000	WESTWAY FUNDING V 1.86, 1/16/03	1.86	4,296,703	4,296,703	A-1+	9616X3NG2
15,000,000	WESTWAY FUNDING V 1.38, 1/17/03	1.38	14,990,800	14,990,800	A-1+	9616X3NH0
29,117,000	WESTWAY FUNDING V 1.80, 1/22/03	1.80	29,086,427	29,086,427	A-1+	9616X3NN7
25,000,000	WESTWAY FUNDING V 1.80, 1/22/03	1.80	24,973,750	24,973,750	A-1+	9616X3002
22,366,000	WESTWAY FUNDING V 1.84, 2/19/03	1.84	22,309,986	22,309,986	A-1+	9616X3PK1
50,000,000	WESTWAY FUNDING V 1.84, 2/20/03	1.84	49,872,222	49,872,222	A-1+	9616X3PL9
26,145,000	WESTWAY FUNDING V 1.84, 2/20/03	1.84	26,078,185	26,078,185	A-1+	9616X3PL9
\$1,118,883,000			\$1,117,110,604	\$1,117,130,900		
FEDERAL AGENCY SECURITIES (3.58%)						
\$	50,000,000	SLMA 1.73, 3/28/03	1.26	\$ 49,998,870	\$ 50,055,500	AAA 86387SBF6
	20,000,000	SLMA 1.73, 3/28/03	1.26	19,999,548	20,022,200	AAA 86387SBF6
	24,500,000	SLMA 1.72, 4/26/04	1.28	24,517,412	24,641,855	AAA 86387SBJ8
	30,000,000	SLMA 1.74, 4/27/04	1.29	30,027,219	30,180,000	AAA 86387SBP4
\$ 124,500,000			\$ 124,543,048	\$ 124,899,555		
BANK NOTES (13.29%)						
\$	50,000,000	BANC ONE 1.44, 3/11/04	1.40	\$ 49,976,364	\$ 50,024,000	A-1 06423ENL5
	50,000,000	BANC ONE 1.62, 5/10/04	1.40	50,000,000	50,150,000	A-1 06423EMD4
	50,000,000	BAYERISCHE LANDES BK 1.42,	1.45	49,976,532	50,029,500	A-1+ 0727M5WU
	13,000,000	KEY BANK 1.53, 4/23/04	1.43	12,983,114	13,017,680	A-1 49306BMX8

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
50,000,000	KEY BANK 1.51, 8/23/04	1.45	49,990,996	50,049,000	A-1	49306BNF6
50,000,000	KEY BANK 1.51, 8/23/04	1.45	49,990,996	50,049,000	A-1	49306BNF6
10,100,000	NATIONAL CITY BANK 1.50, 1/13/03	1.35	10,100,231	10,000,500	A-1	634906AM3
50,000,000	NATIONAL CITY BANK 1.41, 1/15/04	1.37	49,992,282	50,021,000	A-1	634906BP5
50,000,000	NATIONAL CITY BANK 1.43, 2/23/04	1.39	49,983,011	50,023,000	A-1	634906BS9
50,000,000	NATIONAL CITY BANK 1.43, 2/23/04	1.39	49,983,011	50,023,000	A-1	634906BS9
40,000,000	NATIONAL CITY BANK 1.43, 2/23/04	1.39	39,986,409	40,018,400	A-1	634906BS9
\$ 463,100,000			\$ 462,962,946	\$ 463,405,080		
CERTIFICATES OF DEPOSIT (8.62%)						
\$ 80,000,000	FIRST UNION 2.00, 3/31/03	1.85	\$ 80,000,000	\$ 80,098,424	A-1	3379939N1
50,000,000	FIRST UNION 2.00, 3/31/03	1.85	50,000,000	50,061,225	A-1	3379939N1
50,000,000	FIRST UNION 2.00, 3/31/03	1.85	50,000,000	50,061,225	A-1	3379939N1
50,000,000	FIRST UNION 2.00, 3/31/03	1.85	50,000,000	50,061,225	A-1	3379939N1
50,000,000	FIRST UNION 2.00, 3/31/03	1.85	50,000,000	50,061,225	A-1	3379939N1
20,000,000	FIRST UNION 2.00, 3/31/03	1.85	20,000,000	20,025,606	A-1	3379939N1
\$ 300,000,000			\$ 300,000,000	\$ 300,368,930		
CORPORATE NOTES (9.85%)						
\$ 5,000,000	GE CAPITAL CORP 1.48, 3/25/04	1.38	\$ 4,998,758	\$ 5,006,150	AAA	369622FY6
35,000,000	GE CAPITAL CORP 1.93, 4/22/04	1.91	35,000,000	35,018,900	AAA	36962GYF5
40,000,000	GE CAPITAL CORP 1.54, 5/20/04	1.52	39,978,003	40,024,000	AAA	36962GYS7
13,100,000	GE CAPITAL CORP 1.54, 5/20/04	1.52	13,090,990	13,107,860	AAA	36962GYS7
10,000,000	GE CAPITAL CORP 1.54, 5/20/04	1.52	9,982,090	10,006,000	AAA	36962GYS7
50,000,000	GE CAPITAL CORP 1.57, 9/24/04	1.51	50,000,000	50,052,000	AAA	36962GZJ6
15,000,000	GE CAPITAL CORP 1.57, 9/24/04	1.51	15,000,000	15,015,600	AAA	36962GZJ6
9,000,000	GE CAPITAL CORP 1.57, 9/24/04	1.51	8,996,880	9,009,360	AAA	36962GZJ6
50,000,000	GE CAPITAL CORP 1.57, 10/4/04	1.53	50,000,000	50,035,500	AAA	36962GZN7
45,000,000	GE CAPITAL CORP 1.57, 10/4/04	1.53	45,000,000	45,031,950	AAA	36962GZN7
10,000,000	GE CAPITAL CORP 1.61, 11/15/04	1.53	9,994,398	10,015,000	AAA	36962GZT4
11,040,000	GE CAPITAL CORP 1.03, 6/26/06	1.73	10,803,980	10,785,749	AAA	36962F2H8
50,000,000	SIGMA FINANCE 1.52, 2/11/05	1.45	50,000,000	50,068,500	AAA	EC5204069
\$ 343,140,000			\$342,845,100	\$343,176,569		

Par Value **	Security (Coupon, Maturity or Next Reset)	Yield (%)	Amortized Cost**	Market Value**	Quality Rating	Cusip or Issuer ID
EXTENDABLE COMMERCIAL NOTES (9.74%)						
\$ 50,000,000	ASAP FUNDING 1.50, 1/24/03	1.50	\$ 49,952,083	\$ 49,952,083	A-1+	04341E000
50,000,000	ASAP FUNDING 1.50, 2/28/03	1.50	49,879,167	49,879,167	A-1+	04341E000
50,000,000	ASAP FUNDING 1.50, 3/13/03	1.36	49,852,083	49,866,610	A-1+	04341E000
50,000,000	ASAP FUNDING 1.50, 3/31/03	1.34	49,814,583	49,834,475	A-1+	04341FBB1
50,000,000	ASAP FUNDING 1.50, 3/31/03	1.34	49,814,583	49,834,475	A-1+	04341FFD3
40,000,000	PRINCIPAL RESIDENTIAL 1.50, 1/22/03	1.50	39,965,000	39,965,000	A-1+	74253V001
50,000,000	WITMER FUNDING 1.55, 1/24/03	1.55	49,950,486	49,950,486	A-1+	97742F006
\$ 340,000,000			\$339,227,986	\$339,282,296		
REPURCHASE AGREEMENTS (5.08%)						
\$ 100,000,000	BANC ONE 1.32, 1/2/03	1.32	\$100,000,000	\$100,000,000	A-1	05999U006
50,000,000	BEAR STEARNS 1.32, 1/2/03	1.32	50,000,000	50,000,000	A-1+	073993008
27,061,000	BEAR STEARNS 1.22, 1/2/03	1.22	27,061,000	27,061,000	A-1+	073993008
\$ 177,061,000			\$177,061,000	\$177,061,000		
MONEY MARKET FUNDS (4.74%)						
\$ 165,000,000	MILESTONE 1.30, 1/2/03	1.30	\$165,000,000	\$165,000,000	AAA	N/A
\$ 165,000,000			\$165,000,000	\$165,000,000		
LIQUIDITY MANAGEMENT CONTROL SYSTEM (0.00%)						
\$ 776	LMCS 0.85, 1/2/03	0.85	\$ 776	\$ 776	A-1+	536991003
\$ 776			\$ 776	\$ 776		
\$3,485,553,776	TOTAL INVESTMENTS		\$3,482,280,384	\$3,483,854,030		

Market Value / Participant Units Outstanding = Ratio of Market Value per Unit*

\$3,483,854,030 * / 3,442,139,574 = \$1.01 per unit

* Includes designated surplus reserve which is not available for distribution to individual shareholders.

** Securities rounded to the nearest dollar.

SHORT-TERM INVESTMENT FUND

ORGANIZATION STRUCTURE

Treasurer State of Connecticut	Denise L. Nappier (860) 702-3000
Assistant Treasurer Cash Management	Lawrence A. Wilson, CCM (860) 702-3126
STIF Investment Management	Principal Investment Officer Harold W. Johnson, JR. CFA (860) 702-3255 Investment Officer Paul A. Coudert (860) 702-3254 Securities Analyst Marc R. Gagnon (860) 702-3158
STIF Investor Services	Accountant Barbara Szuba (860) 702-3118
Investment Transactions	1-800-754-8430
Voice Response System	1-800-882-8211 (Fund 136)



Office of the State Treasurer
Short-Term Investment Fund
55 Elm Street
6th Floor
Hartford, Connecticut 06106-2773

Phone: (860) 702-3256
Fax: (860) 702-3048
<http://www.state.ct.us/ott>